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IRS Begins Processing Tax Forms Affected by Late Tax Changes; Taxpayers can e-File Immediately

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WASHINGTON — The Internal Revenue Service announced today it has started processing individual tax returns affected by legislation enacted in December and reminded taxpayers that they can begin filing electronically immediately.

On Monday, IRS systems began to accept and process both e-file and paper tax returns claiming itemized deductions on Form 1040, Schedule A, as well as deductions for state and local sales tax, higher education tuition and fees and educator expenses.

"The IRS is now accepting all the 1040 forms," IRS Commissioner Doug Shulman said. "We worked hard to update our systems and get the changes in place as quickly as possible. We appreciate the patience of those impacted by the delay. We urge taxpayers to use e-file with direct deposit, and they can get their refunds within days."

In late December 2010, the IRS announced it would delay processing of some tax returns in order to update processing systems to accommodate the late tax law changes. These tax law provisions were extended by the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, which became law on Dec. 17.

For the vast majority of taxpayers, the filing season this year began on time in January. Most taxpayers claiming itemized deductions and the other delayed forms file later in the year.

The IRS urged taxpayers who haven't filed yet to use e-file instead of paper tax forms to ensure accuracy and to get refunds fast. Taxpayers can do their taxes for free through Free File, which is brand-name software or online fillable forms. Free File is available exclusively at www.irs.gov/freefile. Anyone who makes \$58,000 or less can use Free File software. There are no income limits to online fillable forms. Both Free File software and Free File Fillable Forms allow taxpayers to prepare and e-file their federal returns for free.

The IRS worked closely with the tax software industry and the tax professional community during the reprogramming process to minimize disruptions for taxpayers and ensure a smooth tax season.

As a result of these efforts, many major software providers and paid tax preparers started accepting impacted returns before the Feb. 14 start date, which they held and started submitting after the IRS systems opened.

Due to the expected increase in tax return volumes being transmitted this week, the IRS cautioned a small number of taxpayers may experience a brief delay in receiving their efile acknowledgement, which is normally provided within 24-48 hours. The IRS continues working with the software industry to minimize any impact to taxpayers.

Business taxpayers who use the 1040 series can file now as well. However, the Feb. 14 start date does not apply to non-1040 business tax forms (add link) affected by the recent tax law changes. The IRS will announce a specific date in the near future when it can begin processing those impacted business tax forms.

Updated information has been posted on IRS.gov, including Schedule A and updated state and local sales tax tables. For a complete list of affected <u>individual tax forms</u> and <u>business tax forms</u> visit www.IRS.gov.